



Idaho Legislative Services Office
Legislative Audits Division

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90-DAY FOLLOW-UP REPORT

STATE OF IDAHO – FY 2009 INTERNAL CONTROL REPORT

On April 10, 2010, the Legislative Services Office released the fiscal year 2009 Internal Control Report. This report is a federally required independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

State agencies with findings in this report were contacted in July 2010, and the following describes how each agency has responded to the recommendations.

HEALTH AND WELFARE, IDAHO DEPARTMENT OF

FINDING 2009S-1

Medicaid claims payable and related federal grants receivable were underreported.

We recommended that the Department strengthen the review process and compare estimates to actual activity to ensure that Medicaid claims payable and related grants receivable are properly calculated and reported. We also recommended that the Department include efforts to identify and report other long-term payables and related federal receivables in the process.

AUDIT FOLLOW-UP

The Department has reassigned completion of this closing package due to budget constraints. The supporting documentation and closing package are not due for submission until September so this finding remains open pending review of the completed fiscal year 2010 closing package.

STATUS – OPEN

TRANSPORTATION DEPARTMENT, IDAHO

FINDING 2009S-2

Several instances of fraud, totaling more than \$700,000, occurred involving motor vehicle collections in three counties.

We recommended that the Department establish monitoring and analytical procedures over motor vehicle collections, as well as all other amounts collected by county assessors on behalf of the Department, to identify unusual or irregular activities. These procedures should include onsite visits to confirm that county personnel are recording and reporting transactions appropriately and that internal control procedures are properly developed and followed.

AUDIT FOLLOW-UP

The Department has established several procedures to improve monitoring of collections by county assessors. County offices are now required to provide supporting documents for all refunds, corrections, voids, and deleted transactions processed. The Department has issued written guides to county assessors that describe the fees eligible for refunds or adjustments, the procedures to follow when processing those transactions, and the documentation required to support them. Department staff review transaction details of each county office on a rotating basis to identify unusual patterns that could indicate fraud.

The Department is drafting a memorandum of understanding describing the obligations of county assessors when collecting fees as agents of the State, and is also working on a request for proposal to find a vendor who can replace the current outdated licensing system.

STATUS – CLOSED

TREASURER, OFFICE OF THE STATE**FINDING 2009S-3**

Idaho Code requirements are inadequate for resolving insufficient cash balances in funds.

We recommended that the State Treasurer seek legal counsel to amend and clarify the Idaho Code requirements for resolving insufficient cash balances in funds.

AUDIT FOLLOW-UP

The State Treasurer drafted legislation to clarify the statute and the legislature passed and was signed by the Governor to take effect immediately. The new legislation addresses the concerns with the process.

STATUS – CLOSED

FINDING 2009S-4

Several amounts in the investment pool closing package schedules were misclassified or misstated.

We recommended that the Office strengthen the review process over closing package preparation to ensure that amounts reported in the investment pool schedules are properly classified and complete.

AUDIT FOLLOW-UP

The investments closing package is not due until the end of July. This finding remains open pending review of the completed fiscal year 2010 closing package.

STATUS – OPEN